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Bosnia-Herzegovina

Grain and Feed

Crop Situation Update

2008

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Report Highlights:

Current wheat area is approximately 55,000 hectares (ha), 10% less than the previous season. Corn area is expected to be around 230,000 ha, which is a 5% increase compared to the previous season.

BiH imports 350,000 tons of wheat and 250,000 tons of corn annually. Because most European countries report grain shortages and traditional suppliers Serbia and Croatia have banned/limited their exports, imports from the U.S. appear to be very desirable.

As BiH largely depends on grain imports and current shortages negatively affect its milling and feed industry, the Entities' Agricultural Ministries decided to increase their agricultural support so as to encourage farmers to produce more grains in the future.

Includes PSD Changes: No
Includes Trade Matrix: No
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Vienna [AU1]
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Wheat

Wheat area in 2007/2008 is approximately 55,000 hectares (ha), a 10% decline from last season. It was originally around 50,000 ha; however, the Republika Srpska (RS) Government decided to provide an ad hoc support in the amount of 150KM/hectare (\$122) last fall, so farmers decided to plant additional late wheat sowings in December.

There has been a constant decrease in wheat area over the past five years because wheat production is generally less profitable than other crops. Producers report that fertilizer prices have increased up to 100%; agricultural chemicals up to 50%; and seeds between 10% and 30%; on the other hand, agricultural support payments have been poor and inconsistent from year to year. Because of high world prices and low supply on the market, the Entity Agricultural Ministries decided to provide higher support to wheat producers in 2008/2009 season. The Republika Srpska will provide a subsidy of 200KM per hectare (\$163) and the Federation of BiH increased its subsidy for wheat from 60 KM/ton (\$50) to 100KM/t (\$80) in 2008. Therefore, a 15% – 20% increase in wheat area is expected in 2008/2009. The average yield is 2.7 t/ha.

Note: Bosnia and Herzegovina (BiH) consists of two Entities, the Federation of Bosnia and Herzegovina (F BiH) and Republika Srpska (RS), and there are two levels of government - the entity-level and the state level government. The Entities are responsible for agricultural and food issues, and there is no state-level agricultural ministry. Due to this dual governmental structure, there is no common agricultural policy at the national level.

Corn

Corn area will be approximately 230,000 ha, slightly higher than last season (5%) due to a high market price (\$447 per tone, year ago \$406) and better agricultural support provided in the RS, which is the main corn growing area. The subsidy in 2008 will be 200KM per hectare (\$163). The average yield is 3.5 t/ha.

Barley

Total barley area and is approximately 15,000 ha with an expected yield of 35,000 t. The average yield is 2.5 t/ha.

Trade

BiH annually imports 350,000 t of wheat and 250,000 t of corn.

Currently, the wheat price is between 650 - 770KM/t (\$528 - \$626), while a year ago it was 450 - 550KM/t (\$366 - \$447). The corn price is currently 550 KM/t (\$447), and a year ago it was 500 KM/t (\$406). In addition to high prices of corn and wheat, this situation has been worsening because most European countries report grain shortages and main grain exporters to BiH, Serbia and Croatia have limited their exports. The Croatian Government instituted temporary export duties on wheat and corn until July 31, 2008 and Serbia has extended its export ban on wheat and corn imposed on August 4, 2007 to June 15, 2008. Therefore, grain imports from the U.S. appear to be very desirable.